



**COUNTY OF LOS ANGELES  
DEPARTMENT OF AUDITOR-CONTROLLER**

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WENDY L. WATANABE  
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December 13, 2013

TO: Supervisor Don Knabe, Chairman  
Supervisor Gloria Molina  
Supervisor Mark Ridley-Thomas  
Supervisor Zev Yaroslavsky  
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe  
Auditor-Controller

A handwritten signature in blue ink, reading "Wendy L. Watanabe", is written over the printed name and title.

SUBJECT: **SOUTHERN CALIFORNIA ALCOHOL AND DRUG PROGRAMS, INC. –  
A DEPARTMENT OF PUBLIC SOCIAL SERVICES DOMESTIC  
VIOLENCE SUPPORTIVE SERVICES AND COMMUNITY SERVICE  
BLOCK GRANT PROGRAMS PROVIDER – SECOND FOLLOW-UP  
REVIEW**

The Department of Public Social Services (DPSS) contracted with Southern California Alcohol and Drug Programs, Inc. (SCADP or Agency), a non-profit organization, to operate the Domestic Violence Supportive Services (DVSS) Program, and Community Services Block Grant (CSBG) Angel Step Too and Awakenings Programs. The Agency's contracts with DPSS expired on June 30, 2013. However, the Agency has other contracts with the Departments of Mental Health, Public Health, and Probation.

On December 30, 2011, we issued a report on SCADP's Programs which identified eight significant areas of non-compliance and weakness in the Agency's revenue and expenditure accounting. As a result, we recommended that DPSS place SCADP in the County's Contractor Alert Reporting Database (CARD) and consider imposing contractual remedies, up to and including contract termination.

At the request of DPSS, we completed a follow-up review of SCADP and issued a report dated November 19, 2012 that noted SCADP had not implemented seven (88%) of the eight recommendations identified in our original report. As a result, on April 1, 2013, DPSS placed SCADP in CARD and requested that we complete a second follow-up review of SCADP. In addition, in April 2013, SCADP contracted with Volunteers of America Los Angeles (VOALA), a non-profit organization, to perform operational,

managerial, and administrative assistance to meet the compliance requirements of the Agency's contracts.

### **RESULTS OF REVIEW**

As of November 2013, SCADP implemented six of the seven outstanding recommendations noted in our November 19, 2012 follow-up report. However, SCADP did not ensure shared expenditures were allocated in compliance with the County contract and were adequately supported. We noted SCADP overbilled DPSS \$9,524 in unsupported shared non-payroll expenditures for Fiscal Years 2011-12 and 2012-13. Subsequent to our review, SCADP repaid DPSS the overbilled amount.

Details of our review, along with our original recommendations and their implementation status, are attached.

### **REVIEW OF REPORT**

We discussed the results of our review with SCADP and DPSS in November 2013. SCADP management indicated that they are in agreement with our finding.

We thank SCADP management for their cooperation and assistance during our review. Please call me if you have any questions, or your staff may contact Don Chadwick at (213) 253-0301.

WLW:AB:DC:AA:pn

Attachment

c: William T Fujioka, Chief Executive Officer  
Sheryl L. Spiller, Director, Department of Public Social Services  
Marvin J. Southard, D.S.W., Director, Department of Mental Health  
Jonathan E. Fielding, M.D., M.P.H., Department of Public Health  
Jerry E. Powers, Chief Probation Officer, Probation Department  
Karl Calhoun, Acting Chief Executive Officer, SCADP  
Terry Tzeng, Acting Chief Financial Officer, SCADP  
Public Information Office  
Audit Committee

**SOUTHERN CALIFORNIA ALCOHOL AND DRUG PROGRAMS, INC.  
DOMESTIC VIOLENCE SUPPORTIVE SERVICES AND COMMUNITY SERVICES  
BLOCK GRANT PROGRAM  
SECOND FOLLOW-UP REVIEW**

**CASH/REVENUE**

**Recommendation 1**

Southern California Alcohol and Drug Programs, Inc. (SCADP or Agency) management revise the Agency's accounting records for the contract term to ensure the revenues are recorded based on actual receipts, and maintain separate revenue accounts for each program.

**Current Status: IMPLEMENTED**

In April 2013, SCADP contracted with Volunteers of America Los Angeles (VOALA), a non-profit organization, to perform operational, managerial, and administrative assistance to meet the compliance requirements of the Agency's contracts.

We reviewed SCADP's financial records for Fiscal Years (FY) 2011-12 and 2012-13 and noted VOALA recorded SCADP's revenues based on actual receipts, and maintained separate revenue accounts for each program.

**Recommendation 2**

SCADP management ensure bank accounts are reconciled to the Agency's accounting records when completing the bank reconciliations.

**Current Status: IMPLEMENTED**

We reviewed SCADP's bank reconciliation and noted that VOALA prepared SCADP's monthly bank reconciliation appropriately.

**EXPENDITURES/PROCUREMENT**

**Recommendation 3**

SCADP management revise the Agency's accounting records for the contract term to separate and reallocate expenditures by program using appropriate allocation methods, provide the Department of Public Social Services (DPSS) with supporting documentation, and repay any overbilled amounts.

**Current Status: IMPLEMENTED**

VOALA revised SCADP's accounting records and recorded expenditures by program in the Agency's financial records for FYs 2011-12 and 2012-13. However, VOALA did not revise SCADP's accounting records for the full contract term starting in FY 2008-09. VOALA management indicated that they were unable to revise SCADP's accounting records for the entire contract term because they did not have adequate knowledge and documentation of the prior years' actual conditions. As a result, DPSS allowed SCADP to only revise their records for FYs 2011-12 and 2012-13.

**Recommendation 4**

SCADP management ensure expenditures are accounted for by program in the Agency's financial records.

**Current Status: IMPLEMENTED**

VOALA recorded SCADP's expenditures by program in the Agency's financial records for FYs 2011-12 and 2012-13.

**Recommendation 5**

SCADP management ensure shared expenditures are allocated in compliance with the County contracts and maintain supporting documentation.

**Current Status: NOT IMPLEMENTED**

SCADP did not ensure expenditures were allocated in compliance with the County contract and were adequately supported. We noted that SCADP overbilled \$9,524 to the Domestic Violence Supportive Services Program. Specifically, SCADP did not provide adequate documentation to support shared non-payroll expenditures totaling \$4,897 for FY 2011-12 and \$4,627 for FY 2012-13. Subsequent to our review, SCADP repaid DPSS \$9,524.

**PAYROLL AND PERSONNEL****Recommendation 6**

SCADP management obtain signed Employee Acknowledgement and Confidentiality Agreements for all employees working on the Programs.

**Current Status: IMPLEMENTED**

In our November 19, 2012 follow-up review, we noted that SCADP implemented this recommendation. As a result, we did not review this recommendation during this review.

**COST ALLOCATION PLAN**

**Recommendation 7**

SCADP management develop a Cost Allocation Plan (Plan) that complies with the County contract.

**Current Status: IMPLEMENTED**

VOALA prepared SCADP's Plan and the Plan was in compliance with the County contract.

**CLOSE-OUT REVIEW**

**Recommendation 8**

SCADP management prepare and provide DPSS with revised close-out reports for the contract term based on their revised accounting records, and repay any unspent revenue.

**Current Status: IMPLEMENTED**

VOALA revised SCADP's accounting records, recorded expenditures by program, and provided DPSS revised close-out reports for FYs 2011-12 and 2012-13. However, as noted above, VOALA management indicated that they were unable to revise SCADP's accounting records for the entire contract term because they did not have adequate knowledge and documentation of the prior years' actual conditions. As a result, DPSS approved VOALA's request to only revise SCADP's records for FYs 2011-12 and 2012-13.